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STATE OF ILLINOIS
GOVERNOR'S OFFICE OF
MANAGEMENT AND BUDGET

FISCAL YEAR 2014 FIRST QUARTER FINANCIAL REVIEW

GENERAL FUNDS HIGHLIGHTS

Table I, below, sets forth General Funds year-to-date (YTD) highlights for the first quarter of State fiscal year 2014 (FY14). Table I reflects a net operating loss of \$690 million.

Table I
GENERAL FUNDS HIGHLIGHTS
First Quarter Review
FY2013 vs. FY2014
(in millions)

	YTD			
	<u>FY13</u>	<u>FY14</u>	<u>\$ Change</u>	<u>% Change</u>
General Funds Revenues ¹	\$ 7,352	\$ 7,649	\$ 297	4%
Transfers In ²	645	834	189	29%
Total Receipts	7,997	8,483	486	6%
General Funds Expenditures ¹	7,501	7,356	(145)	-2%
Transfers Out ²	1,573	1,817	244	15%
Total Spending	9,074	9,173	99	1%
Net Operating Surplus/(Deficit)	\$ (1,077)	\$ (690)	\$ 387	-36%

¹Revenues reflected are cash basis. Expenditures reflect each fiscal year beginning July 1st and ending June 30th. Cash Payments made after the conclusion of the fiscal year for expenses incurred during the fiscal year (lapse period) are not included.

²Transfers In/Out do not include Budget Stabilization Fund or intra-fund transfers.

³Does not include continuing appropriations.

General Funds revenues totaled \$7,649 million, an increase of \$297 million over the fiscal year 2013 (FY13) quarter-end level. Transfers from other funds to the General Funds increased by \$189 million as compared to the same period in FY13, as detailed in the Revenue Summary that follows.

FY14 quarter-end General Funds expenditures totaled \$7,356 million, a decrease of \$145 million over the FY13 first quarter level. Further discussion of the expenditures is provided in the Expenditures Summary that follows.

Note: Tables in this report may not add due to rounding.

GENERAL FUNDS REVENUE SUMMARY

Table II, below, sets forth General Funds quarter-end revenues for the first quarter of FY14. General Funds revenues (including Transfers-In and Federal Revenues) increased by \$486 million, or 6.1%, over the FY13 quarter-end level.

Table II
GENERAL FUNDS REVENUES
First Quarter Review
FY2013 vs. FY2014
(in millions)

Source	Year to Date Actual				Year to Date Budget				Budgeted
	FY13 YTD	FY14 YTD	YTD Difference		FY14 YTD Budget	FY14 YTD Actual	Variance		FY14 Total Budget
			Dollar Amount	Percent			Dollar Amount	Percent	
Gross Individual Income Tax	3,771	3,987	216	5.7%	2,665	3,987	1,322	149.6%	17,713
Less: Deposits to Income Tax Refund Fund	(368)	(379)	(11)	3.0%	(260)	(379)	(119)	145.8%	(1,683)
Net Individual Income Tax	3,404	3,609	205	6.0%	2,406	3,609	1,203	150.0%	16,030
Gross Corporate Income	653	734	81	12.5%	389	734	345	188.6%	3,391
Less: Deposits to Income Tax Refund Fund	(91)	(98)	(7)	7.6%	(55)	(98)	(44)	180.2%	(454)
Net Corporate Income Tax	562	636	74	13.3%	335	636	301	190.0%	2,937
Sales	1,800	1,939	139	7.7%	1,728	1,939	211	112.2%	7,348
Public Utility	245	239	(6)	-2.5%	260	239	(21)	92.1%	1,032
Cigarette	68	88	21	31.0%	84	88	4	104.6%	355
Inheritance	94	46	(48)	-51.4%	62	46	(16)	73.7%	210
Liquor	43	43	0	0.3%	46	43	(2)	95.4%	165
Insurance	66	86	20	29.7%	82	86	4	104.3%	350
Corporate Franchise	49	52	3	5.7%	55	52	(3)	93.7%	203
Investment Income	3	4	1	42.2%	9	4	(5)	40.5%	20
Cook County IGT	0	0	0		3	0	(3)	0.0%	244
Other Sources	103	175	72	70.5%	121	175	55	145.3%	437
TOTAL STATE REVENUES	6,436	6,917	481	7.5%	5,190	6,917	1,727	133.3%	29,331
Federal Revenues	916	732	(184)	-20.1%	1,220	732	(489)	60.0%	4,178
Transfers-In:	645	834	189	29.3%	716	834	118	116.4%	2,212
Lottery	140	143	3	1.9%	134	143	9	106.7%	669
Gaming/Gaming Taxes	113	108	(5)	-4.2%	101	108	7	107.4%	366
Other Transfers-In	392	583	191	48.7%	482	583	101	121.0%	1,177
TOTAL RECEIPTS	\$ 7,997	\$ 8,483	\$ 486	6.1%	\$ 7,127	\$ 8,483	1,356	119.0%	\$ 35,721

- **Income Taxes (\$279 million increase):** Individual Income Tax quarter-end net receipts increased by \$205 million, or 6.0%, over the FY13 first quarter level.

Corporate Income Tax quarter-end net receipts increased by \$74 million, or 13.3%, over the FY13 first quarter level.

- **Sales Taxes (\$139 million increase):** Sales Tax quarter-end receipts increased by \$139 million, or 7.7%, from the FY13 first quarter level.
- **Inheritance Taxes (\$48 million decrease):** Inheritance Tax quarter-end receipts declined by 51.4% from the FY13 first-quarter-end level.

- **All Other Sources (\$111 million increase):** Several categories of state taxes yielded greater revenue in the first quarter of the current fiscal year over the previous fiscal year. For example, Cigarette Taxes increased by \$21 million, or 31.0%. Conversely, FY14 quarter-end Public Utility Taxes decreased by \$6 million, or 2.5%, from the FY13 first quarter level.
- **Federal Revenues (\$184 million decrease):** FY14 quarter-end Federal Sources of revenue decreased by \$184 million, or 20.1%, compared to the FY13 first quarter level.
- **Transfers-In (\$189 million increase):** Transfers-in increased by \$189 million, or 29.3%, compared to the FY13 first quarter level.

GENERAL FUNDS EXPENDITURES SUMMARY

Table III, below, sets forth General Funds Expenditures through the first quarter of FY14. General Funds Expenditures through the end of the first quarter totaled \$7,356 million, a decrease of \$155 million from the FY13 level.

Table III
GENERAL FUNDS EXPENDITURES
First Quarter Review
FY2013 vs. FY2014
(in millions)

Agency	FY13	FY14	FY13		FY14		FY13	FY14
	Enacted	Enacted	Expend	Expend	Change	Percent Spent	Percent Spent	
Constitutional Officers	\$ 674	\$ 461	\$ 352	\$ 89	\$ (263)	52%	19%	
DHFS	\$ 7,043	\$ 7,039	\$ 1,614	\$ 1,149	\$ (465)	23%	16%	
ISBE	\$ 6,550	\$ 6,687	\$ 1,289	\$ 1,318	\$ 29	20%	20%	
DHS	\$ 3,498	\$ 3,179	\$ 863	\$ 625	\$ (238)	25%	20%	
Higher Education	\$ 1,980	\$ 1,991	\$ 557	\$ 560	\$ 3	28%	28%	
TRS	\$ 2,790	\$ 3,513	\$ 699	\$ 877	\$ 178	25%	25%	
SURS	\$ 1,257	\$ 1,312	\$ 319	\$ 299	\$ (20)	25%	23%	
Corrections	\$ 1,179	\$ 1,218	\$ 229	\$ 201	\$ (28)	19%	17%	
CMS	\$ 1,482	\$ 1,377	\$ 490	\$ 1,358	\$ 868	33%	99%	
DCFS	\$ 732	\$ 696	\$ 230	\$ 163	\$ (67)	31%	23%	
Aging	\$ 1,100	\$ 1,031	\$ 310	\$ 142	\$ (168)	28%	14%	
ISP	\$ 248	\$ 246	\$ 50	\$ 55	\$ 5	20%	22%	
Revenue	\$ 111	\$ 111	\$ 19	\$ 21	\$ 2	17%	19%	
DPH	\$ 125	\$ 132	\$ 27	\$ 28	\$ 1	22%	21%	
DNR	\$ 45	\$ 45	\$ 8	\$ 7	\$ (1)	18%	16%	
IDOT	\$ 22	\$ 6	\$ -	\$ -	\$ -	0%	0%	
DCEO	\$ 31	\$ 44	\$ 2	\$ 3	\$ 1	6%	7%	
All Others	\$ 1,981	\$ 2,050	\$ 452	\$ 460	\$ 8	23%	22%	
Agency Totals	\$ 30,848	\$ 31,138	\$ 7,501	\$ 7,356	\$ (155)	24%	24%	

¹Does not include continuing appropriations.

FINANCIAL POSITION

Table IV, below, sets forth the General Funds Financial Position for the first quarter of FY14. The General Funds cash balance on September 30, 2013 was \$162 million, including intra-year cash flow borrowing of \$275 million from the Budget Stabilization Fund. This reflects an increase from the FY13 quarter-end level, when the cash balance was \$154 million, including the same amount (\$275 million) of cash flow borrowing from the Budget Stabilization Fund.

Table IV
FINANCIAL POSITION
First Quarter Review
FY2013 vs. FY2014
(in millions)

	<u>FY13</u>	<u>FY14</u>	<u>Change</u>
CASH BALANCE			
General Funds Cash Balance (6/30)	\$ 40	\$ 154	\$ 114
Change in Operating Cash for Q1	(161)	(267)	(106)
Transfer In from Budget Stabilization Fund	275	275	-
General Funds Cash Balance (9/30)	<u>\$ 154</u>	<u>\$ 162</u>	<u>\$ 8</u>
SELECT CURRENT LIABILITIES			
General Funds Accounts Payable (9/30)	\$ 5,927	\$ 4,603	\$ (1,324)
Total Select Current Liabilities	<u>\$ 5,927</u>	<u>\$ 4,603</u>	<u>\$ (1,324)</u>
NET WORKING CAPITAL (GF Cash less GF A/P)	<u>\$(5,774)</u>	<u>\$(4,441)</u>	<u>\$ 1,332</u>

EMPLOYMENT HIGHLIGHTS

Table V, below, sets forth first quarter employment highlights. Nationally, the unemployment rate in August 2013 was 7.3%, down from 8.1% during the same period in 2012. Illinois' unemployment rate of 9.2% in August 2013 reflected an increase of 0.3% in the state's unemployment rate from August 2012. Additionally, total nonfarm employment in Illinois increased, indicating job growth in Illinois' non-farm industries.

Table V
EMPLOYMENT HIGHLIGHTS
First Quarter Review
FY2013 vs. FY2014

EMPLOYMENT STATISTICS	<u>August-12</u>	<u>August-13</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	5,745,600	5,801,000	55,400
Unemployment Rate, Illinois	8.9%	9.2%	0.3%
Unemployment Rate, United States	8.1%	7.3%	-0.8%
Labor Force Participation Rate, Illinois	66.0%	65.0%	-1.0%
Labor Force Participation Rate, United States	63.5%	63.2%	-0.3%

Source: Illinois Department of Employment Security (Seasonally Adjusted Data)